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PENCE VOTES TO EXTEND BANKRUPTCY PROTECTION FOR FAMILY FARMERS

Washington, Jun 23, 2003 - WASHINGTON, D.C. – Congressman Mike Pence today voted to extend bankruptcy protection for family farmers by an additional six months. The measure allows family farmers to reorganize their debt rather than forcing them to liquidate their assets. The bill is expected to pass later tonight.

“Family farmers are the backbone of our country and we need to do everything we can to ensure their ability to make a living amidst these difficult economic times,” said Pence. “As a member of the House Agriculture Committee, it is my goal to make sure the farmers in eastern Indiana continue to play a vital role in supplying food for the country and the world and this bill will help them do just that.”

The bill does the following:

- Streamlines the financial reorganization process and liberalizes the "cramdown" procedure. (Cramdown is a term used to refer to the procedure that enables a debtor to modify a creditor's claim over the creditor's objection.)
- Allows a family farmer to reduce the value of a lien on secured property.
- Provides its own standards for awarding "adequate protection" and a provision governing "special tax provisions."

A family farmer is defined as an individual, spouse or family owned partnership or corporation with debts of less than \$1.5 million, 80 percent of which arises from the farming operation. The debtor must derive at least 50 percent of gross annual income from farming to qualify as a family farmer.

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